

## Message Text

SECRET POSS DUPE

PAGE 01 GEORGE 00530 01 OF 02 152037Z

72

ACTION ARA-10

INFO OCT-01 ISO-00 PM-03 NSC-05 SP-02 SS-15 L-02 EB-07

CU-02 MMS-01 ACDA-05 INR-07 CIAE-00 DODE-00 AGR-05

PC-01 AID-05 COME-00 OPIC-03 OMB-01 TRSE-00 PER-01

USIE-00 SSO-00 NSCE-00 INRE-00 IO-10 /086 W

----- 021426

O 152005Z APR 75

FM AMEMBASSY GEORGETOWN

TO SECSTATE WASHDC IMMEDIATE 1085

SECRET SECTION 1 OF 2 GEORGETOWN 0530

E.O. 11652: GDS

TAGS: PFOR, GY, US

SUBJECT: APRI 17 IG REVIEW FY 1976-77 GUYANA CASP

REF: (A) DRAFT CONSOLIDATED CASP CHANGE SHEET PREPARED BY

PRE IG

(B) STATE 075029

SUMMARY: COUNTRY TEAM WITH EXCEPTION AID DIRECTOR CONTINUES SUPPORT DRAFT CASP RECOMMENDATION THAT BILATERAL AID PROGRAM BE TERMINATED END FY77., AND RESPONDS TO PRE-IG'S QUESTIONS.

CT GENERALLY AGREES WITH PRE-IG'S RECOMMENDED TEXTUAL CHANGES.

1. COUNTRY TEAM AGREES TO ALL CHANGES CONTAINED REF A EXCEPT CHANGE TO ANTICIPATED CHALLENGES AND OPPORTUNITIESCHANGE 11. PRE-IG'S RECOMMENDED PHRASEOLOGY HERE IS INNOCUOUS, BUT A TRUISM WHICH ANY U.S. OFFICIAL STRESSES AS A MATTER OF COURSE. WE CONTINUE TO RECOMMEND THAT WE DRAW THE PARALLEL TO OUR PURCHASES OF SUGAR AND BELIEVE THAT OUR EMPHASIZING NEED FOR RECIPROCAL PURCHASES FROM U.S. CAN BE EFFECTIVE MEANS OF PROMOTING U.S. EXPORTS IN LOCAL SITUATION WHERE SOURCE OF IMPORTS INCREASINGLY CONTROLLED BY GOG. TO CONFORM WITH CHANGE IN ANNEX A RECOMMENDED BY PRE-IG, OBJECTIVE ONE GRANT FIGURE ON PAGE 19 MUST BE REDUCED TO 300.

SECRET

SECRET

PAGE 02 GEORGE 00530 01 OF 02 152037Z

2. COUNTRY TEAM HAS REVIEWED ITS RECOMMENDATION THAT BILATERAL AID PROGRAM BE TERMINATED BY END FY76 (EXCEPT SDAF) AND CONTINUES

STRONGLY SUPPORT THAT POSITION. AID DIRECTOR PREFERENCES PHASE-OUT DECISION BE DEFERRED UNTIL NEXT CASP CYCLE (SEE SERZEL).

3. REF B'S THRUST SEEMS TO QUESTION WHETHER WE CAN AT THIS TIME DETERMINE THAT ALTERNATE AID SOURCES IN FY77 WILL BE SUFFICIENT TO ELIMINATE GUYANA'S NEED FOR BILATERAL USAID. WHILE WE BELIEVE OUR RESPONSES BELOW TO REF B'S SPECIFIC QUESTIONS STRONGLY INDICATE ALTERNATE SOURCES WILL BE SUFFICIENT, WE ALSO BELIEVE THAT IS NOT THE MAIN QUESTION. POINT OF DEPARTURE OF OUR CASP SUBMISSION, AND THE TNTIRE CASP EXERCISE AS WE UNDERSTAND IT, IS WHETHER U.S. INTERESTS, NOT GUYANA'S NEEDS, WARRANT RECOMMENDED U.S. PROGRAMS. WE BELIEVE DRAFT CASP'S ANALYSIS PRESENTS CONVINCING CASE THAT THOSE INTERESTS IN GUYANA NO LONGER JUSTIFY NEW BILATERAL AID GRANTS OR LOANS BEYOND FY76. WE SEE NO REASON TO DELAY DECISION UNTIL NEXT YEAR, THEREBY ENCOURAGING BUREAUCRATIC INERTIA TO CONTINUE PROGRAM NOT JUSTIFIABLE BY U.S. INTERESTS. IN ANY EVENT, DECISION TO TERMINATE WITH FY76 WOULD BE FORMAL COMMUNICATED TO GOG DURING FY 76 ONLY IN EVENT IT PRESSED US ON NEW LOAN OR GRANT PROPOSAL, AN EVENT THAT PRESENTLY SEEMS UNLIKELY.

4. OUR COMMENTS RELATED TO SPECIFIC PARAGRAPHS OF REF B ARE:

(2A) IS THERE ANY REASON WHY IDB COULD NOT BEGIN NOW TO GIVE GOG INFORMAL GUIDANCE ON PROJECT PREPARATION, EVEN IF IDB SHOULD NOT RPT NOT BE LENDING TO GUYANA BY FY 77, USAID NEW COMMITMENTS HAVE BEEN LESS THAN DOLS 1 MILLION ANNUALLY LAST FEW YEARS COMPARED TO RELATIVELY MASSIVE COMMITMENTS (PERHAPS AS HIGH AS DOLS 60 MILLION THIS YEAR) FROM OTHER DONORS AS WELL AS PRESENT FLOURISHING GUYANA BALANCE OF PAYMENTS AND RESERVES. THIS IMPLIES GUYANA LIKELY TO HAVE ACCESS TO SUBSTANTIAL PER CAPITA DEVELOPMENT FUNDS FY77 WITHOUT EITHER USAID OR IDB.

(2B AND C): LA/CAR MEMO JUST RECEIVED INDICATES GUYANA ELIGIBLE FOR CDB CONCESSIONAL LENDING. WITH HEALTHY REVENUES AND AID FROM MANY SOURCES INCLUDING IBRD AND UNDP, GUYANA SHOULD HAVE AMPLE RESOURCES TO CONTRACT WITH PRIVATE U.S. INSTITUTIONS FOR TECHNICAL ASSISTANCE OF TYPE USAID NOW PROVIDES.

SECRET  
SECRET

PAGE 03 GEORGE 00530 01 OF 02 152037Z

(2D): WE DO NOT BELIEVE ANY OF OUR LIMITED INTERESTS IN GUYANA ARE WORTH REVIVAL COLD WAR COMPETITION WITH COMMUNIST COUNTRIES IN AID FIELD. FURTHERMORE, EVEN WITH LARGE U.S. AID PROGRAM, FOR IDEOLOGICAL, PSYCHOLOGICAL AND PRAGMATIC POLITICAL REASONS, GUYANA HAS IN PAST YEARS INCREASINGLY LINED UP WITH COMMUNISTS (OCCASIONALLY EXCLUDING USSR) AT EXPENSE OF U.S. AND UK. WE DO NOT BELIEVE CONTINUED U.S. AID PROGRAM ANY MORE LIKELY IN FUTURE THAN IT HAS IN PAST TO AFFECT GOG'S SOCIALIST IDEAL OR ITS OPEN TILT TOWARD COMMUNIST NATIONS AT LEAST TO EXTENT LATTER APPEAR COMPATIBLE WITH THIRD WORLD. (2E AND F): PM BURNHAM'S REPEATED

DENUNCIATION OF QUOTE PARSIMONIOUS AND PATRONIZING AID UNQUOTE FROM WEST DOES NOT REPEAT NOT INDICATE THAT GOG VALUES EXISTING BILATERAL AID PROGRAM ENOUGH THAT WE RISK MARKEDLY ADVERSE REACTIONS, AND IN ANY EVENT WE ARE NOT PROPOSING A FORMAL PUBLIC ANNOUNCEMENT OF TERMINATION SINCE DOLS 20 MILLION STILL IN PIPELINE WILL PRESUMABLY NECESSITATE THAT SMALL AID MISSION REMAIN FOR SEVERAL YEARS. WE HOPE ANDPRESUME THAT FACTORS SUCH AS LEVEL OF U.S. INTERESTS IN A COUNTRY, RECIPROCAL POLITICAL SUPPORT AND MUTUALITY OF COOPERATION ARE CONSIDERED IN DETERMINING USAID RECIPIENTS AS WELL AS PXJ CAPITA INCOME, BUT POINT OUT THAT LATEST BANK OF GUYANA FIGURE FOR 1974 SHOWS 16 PERCENT REAL GROWTH RATE OF GDP TO US DOLS 484 PER CAPITA EVEN AFTER 25PERCENT DEFLATOR. SINCE LIMITED U.S. RESOURCES REQUIRE SOME SLECTIVITY, PERHAPS COUNTRIES WHICH DO NOT HAVE GUYANA'S ACCESS TO AID FROM PRC ANDOTHER COMMUNIST AND OPEC DONORS BECAUSE OF THEIR GREATER SUPPORT FOR U.S. POSITIONS AND INTERESTS SHOULD BE SHOWN SOME FAVORITISM. WE SEE POSITIVE BENEFIT IF GUYANA AND PARTICULARLY OTHER NATIONS DRAW SUCH CONCLUSION.

SECRET

NNN

SECRET

PAGE 01 GEORGE 00530 02 OF 02 152119Z

72

ACTION ARA-10

INFO OCT-01 ISO-00 PM-03 NSC-05 SP-02 SS-15 L-02 EB-07

CU-02 MMS-01 ACDA-05 INR-07 CIAE-00 DODE-00 AGR-05

PC-01 AID-05 COME-00 OPIC-03 OMB-01 TRSE-00 PER-01

USIE-00 SSO-00 NSCE-00 INRE-00 IO-10 /086 W

----- 021816

O 152005Z APR 75

FM AMEMBASSY GEORGETOWN

TO SECSTATE WASHDC IMMEDIATE 1086

S E C R E T SECTION 2 OF 2 GEORGETOWN 0530

5. COUNTRY TEAM HAS REVIEWED CAR'S LISTING OF OTHER DONOR ASSISTANCE AND BELIEVES IT TO BE MORE REALISTIC THAN OUR CASP LIST (ANNEX A, PAGE 2) ONLY OBVIOUS ERROR IS THAT POLISH FISHING TRAINING HAS TERMINATD. BRITISHCOLLEAGUE INDICATES LEVEL OF UK ASSISTANCE DROPPING SOMEWHAT,PERHAPS TO HALF PREVIOUS LEVEL, BUT PRC PROGRAMS SEEM LIKELY TO BECOME MORE SIGNIFICANT. NEW

PRC INTEREST-FREE DOLS 11 MILLION LINE OF CREDIT UNFORSEEN  
WHEN DRAFT CASP SUBMITTED. THERE IS LOCAL RUMOR THAT PRC MAY  
OFFER TO BUILD ROAD TO BRAZIL USING LARGELY CHINESE LABOR WITH AID  
FUNDS BUYING CHINESE GOODS AS WAS DONE IN TANZANIA, BUT WE HAVE NO  
HARD INFORMATION ON THIS. FURTHER VENEZUELAN AID PROBABLY LIKELY  
IF VENEZUELA PETROLEUM REVENUES HOLD UP, GIVEN POLITICAL IMPOR-  
TANCE OF GUYANA TO VENEZUELA. VWEST GERMANS CONCLUDED THEIR  
INTERESTS NO LONGER JUSTIFIED EVEN MAINTAINING EMBASSY MUCH LESS  
ONCE-DISCUSSED TECHNICAL ASSISTANCE PROGRAM, AND CONSEQUENTLY CLOSED  
EMBASSY IN NOVEMBER 1974. RUSSIANS TELL US THAT THEY HAVE NO  
PRESENT PLANS FOR AN AID PROGRAM, BUT SOME LIMITED RUSSIAN ASSIST-  
ANCE SEEMS ALMOST INEVITABLE TO ESTABLISH CREDENTIALS AND REWARD  
GUYANESE POLITICAL SUPPORT. CUBAN TECHNICAL ASSISTANCE LIABLE TO  
INCREASE AS RESULT OF BURNHAM'S PRESENT VISIT, AND WAS PUBLICLY  
OFFERED FOR SUGAR INDUSTRY AND HEALTH SERVICES. GUYANA'S KNEE-  
JERK SUPPORT OF ARABS AND OF THIRD WORLD CONFRONTATIONAL POSITION  
TOWARD WEST SEEMS LIKELY TO PROMOTE FURTHER ARAB AID.

SECRET

SECRET

PAGE 02 GEORGE 00530 02 OF 02 152119Z

6. ON ALTERNATIVES LISTED PARAGRAPH 4, THREE EMBASSY OFFICERS  
COMPLETING TWO YEARS HERE RECALL ORAL BRIEFINGS IN DEPARTMENT IN  
1973 THAT FIRST ALTERNATIVE WAS U.S. POLICY THEN. SINCE THAT  
TIME, GUYANA HAS CONTINUED DRIFT TOWARD ANTI-U.S. INTERNATIONAL  
POSITIONS AND TOWARD MORE AUTHORITARIAN INTERNAL POLICY, NEW  
COMMUNIST, THIRD WORLD, AND MULTILATERAL AID DONORS ARE FILLING  
POTENTIAL AID GAP, PER CAPITA GNP HAS SHARPLY INCREASED, AND  
U.S. INTERESTS HAVE BEEN SHARPLY REDUCED BY NATIONALIZATION  
AT BEGINNING THIS YEAR OF REYNOLDS MINES, WHICH WAS LAST  
SIGNIFICANT U.S. INVESTMENT INTEREST HERE. WHY DELA DECISION  
FURTHER? MORE SELECTIVE AND TECHNICAL ASSISTANCE-ORIENTED ALTER-  
NATIVE IMPLIES M.S. NATIONAL INTEREST IN CONTINUING BILATERAL  
PROGRAM, WHICH WE DO NOT BELIEVE REMAINS. HOWEVER, SINCE NO RPT  
NO DECISION SHOULD BE TOTALLY IRREVERSIBLE, CT WOULD BE WILLING  
TO ADD FOLLOWING SENTENCE TO END OF RECOMMENDATION ON PAGE 7:  
THIS DECISION SHOULD BE REVIEWED IN CONJUNCTION WITH PREPARATION  
OF THE FY77 CASP, IN ORDER TO TAKE INTO ACCOUNT ANY INTERVENING  
DEVELOPMENTS WHICH SIGNIFICANTLY ALTER THE BASIS OF OUR BILATERAL  
RELATIONS WITH GUYANA.

KREBS

SECRET

NNN

## Message Attributes

**Automatic Decaptoning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CASP, MEETING REPORTS, COUNTRY TEAM, PROGRAMS (PROJECTS)  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 15 APR 1975  
**Decapton Date:** 01 JAN 1960  
**Decapton Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975GEORGE00530  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D750131-0804  
**From:** GEORGETOWN  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19750449/aaaabtkq.tel  
**Line Count:** 213  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION ARA  
**Original Classification:** SECRET  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
**Previous Channel Indicators:** n/a  
**Previous Classification:** SECRET  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** GolinoFR  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 09 SEP 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <09 SEP 2003 by CunninFX>; APPROVED <10 SEP 2003 by GolinoFR>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** APR1 17 IG REVIEW FY 1976-77 GUYANA CASP  
**TAGS:** PFOR, GY, US  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006